
**Rider 38
Volume Balancing Adjustment**

Applicable to Rate 1 – Residential Service

Purpose

The Volume Balancing Adjustment (VBA) stabilizes the recovery of variable distribution revenues through distribution charges due to variances in volumes of gas service used by customers. The Company shall determine an annual VBA rate under this Rider reflecting differences in volumes for the prior period as compared with the customer volumes relied upon to derive variable charge base rates in the Company's most recent rate proceeding. The VBA rate shall represent a charge to customers when customer volumes decline and shall represent a credit to customers when customer volumes increase.

Applicability

This Rider is applicable to all customers taking service from the Company pursuant to the Rate 1 – Residential Service classification. The amount of the VBA will be separately designated as its own line item on each customer's bill.

Definitions

As used in this rider, the terms below are defined as follows:

Annual VBA Accrual Period shall mean the twelve (12) month period beginning with July 1 and ending with June 30 of each year. The initial recovery period shall begin on the first of the month immediately following the effective date of the Rider and concluding on the following June 30.

- * **Annual VBA Rate Period** shall mean the nine (9) month period that the VBA rate is charged, beginning with October 1 and ending with June 30 of each year. The initial VBA Rate Period shall begin October 1, 2020 and conclude on June 30, 2021. While the rate period is a nine month period, for purposes of an annual reconciliation, revenues collected will be reported for the twelve month period of September through August.

Annual Reconciliation Period shall mean the nine (9) month period beginning with October 1 and ending with June 30 of each year. The initial Annual Reconciliation Period shall commence on October 1, 2021 and end on June 30, 2022.

Calendar Month shall mean the period from the first day of the month through the last day of the month corresponding to the time periods that the Company records customer sales and volumes on its books and records.

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* **Rate Case Variable Revenue** shall mean the value derived by multiplying the monthly residential usage used to establish base rates in the Company’s most recent base rate proceeding by the base rate variable distribution charge for residential service. The monthly values established in Docket No. 23-0066 are as follows:

January	\$92,979,455	July	\$9,102,438
February	\$83,228,876	August	\$9,093,095
March	\$59,244,988	September	\$10,098,253
April	\$36,522,870	October	\$27,828,421
May	\$19,357,110	November	\$56,362,523
June	\$9,383,014	December	\$74,438,531

Section A - Determination of the VBA Rate

At the end of the Annual VBA Accrual Period, the Company shall calculate the variable distribution revenue variance for each Calendar Month in accordance with the following formula:

- Where:
- VBA_{m} = $(RCVR_{m} - AVR_{m})$
 - VBA_{m} = The VBA Accrual for Calendar Month ‘m’.
 - $RCVR_{m}$ = The Rate Case Variable Revenue for Calendar Month ‘m’.
 - AVR_{m} = The Actual Variable Revenue for Calendar Month ‘m’ derived from residential base rate variable distribution charges as recorded on the Company’s books and records.

The VBA Rate shall be determined by summing the VBA Accrual for all Calendar Months of the Annual VBA Accrual Period and dividing the result by projected residential therms. Beginning with the second Annual VBA Rate Period, the VBA Rate shall also include a reconciliation component. The VBA Rate including the reconciliation component shall be determined according to the following formula:

$$VBA = \frac{\sum_{Jul}^{Jun} VBA_{m} + (RA + O) \times (1 + i)}{T}$$

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Where:

- VBAA_m = The VBA Accrual for Calendar Month 'm'.
- RA = The Reconciliation Adjustment amount due the Company (+RA) or Customers (-RA) arising from differences between the dollar amount to be collected through the VBA Rate during the Annual VBA Rate Period and the actual VBA Rate Revenues during the period.
- O = The Commission Ordered adjustment, if any, in dollars, to be refunded to or collected from residential customers as a result of the Reports and Reconciliation section of this tariff.
- i = represents the interest rate established by the Commission under 83 Ill. Administrative Code 280.40(g)(1) and in effect when each adjustment under this section is calculated, adjusted for the number of months in the Reconciliation Period..
- T = The amount of forecasted residential deliveries in therms for the Annual VBA Rate Period.

The VBA Rate shall be stated in cents per therm rounded to the nearest 0.01¢; any fraction of 0.01¢ shall be dropped if less than 0.005; or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢.

***Section B – Information Sheet**

The VBA shall be filed with the Commission on an Information Sheet with supporting data no later than September 20th of each year. An information sheet shall be submitted to the Commission specifying the VBA to be effective during the subsequent Annual VBA Rate Period. The informational submission shall be accompanied by workpapers showing the calculation and determination of that VBA and identifying the data that went into its calculation. An additional information sheet shall be filed no later than June 20th of each year. The additional information sheet is to set the VBA to zero until the subsequent Annual VBA Rate Period. If the Company determines during the Annual VBA Rate Period that it is appropriate to revise the VBA to better match the Rate Case Variable Revenues recovered under this rider with the Actual Variable Revenues as defined in this Rider, the Company may, from time to time, calculate a revised VBA to become effective as of the beginning of any monthly billing period during the Annual VBA Rate Period.

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Items in which there are changes are preceded by an asterisk (*)

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*** Section C – Annual Reports and Reconciliation**

On or before September 20th of each calendar year (beginning with September 1 following the beginning of the first Annual VBA Rate Period), the Company shall file a petition with the Chief Clerk of the Commission to initiate an annual reconciliation process. The petition shall include a statement of the Reconciliation Adjustment to be applicable for the upcoming Annual VBA Rate Period. Documentation and workpapers supporting the Company's calculation shall be presented with its reconciliation petition and shall be provided to the Commission's Accounting Staff at the time of or before the petition's filing. The Company shall also submit a report which provides the Company's rate of return with and without the effect of Rider VBA. At this same time, the Company shall also include with the reconciliation petition an initiation of an annual reconciliation to determine the accuracy of the statement. If the Commission finds, after hearing, that any amounts were incorrectly calculated or billed during the applicable reconciliation year, the Commission may by order require that the VBA calculated under this rider be prospectively adjusted by the appropriate amount. This amount will be a Commission ordered adjustment, "O".

Section D – Annual Internal Audit

The Company shall submit annually to the Commission's Director of the Financial Analysis Division, no later than December 31 for the previous VBA Rate Period, an internal audit report. The internal audit shall determine if (1) the actual amount of revenues that exceed or fall short of any approved revenue collected are correctly reflected in the calculations; 2) the actual amount of sales that exceed or fall short of any approved forecasted sales are correctly reflected in the calculations; 3) the revenues are not collected through other approved tariffs; 4) Rider VBA adjustments are being properly billed to customers; 5) Rider VBA revenues are recorded in the appropriate accounts; and 6) internal controls are effectively preventing the double recovery of costs through the VBA and other approved tariffs. The above list of determinations does not limit the scope of the audit. The initial internal audit under this rider shall be submitted no later than December 31, 2021. Such report shall be verified by an officer of the Company.